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Comptroller



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CITY OF ST. LOUIS

*Internal Audit Section*



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August 2, 2004

Mr. Tom Jones, Director  
St. Louis Agency on Training and Employment (SLATE)  
1017 Olive Street  
St. Louis, MO 63101

RE: Follow-up Review of the St. Louis Agency on Training and Employment (SLATE) -  
Project #2004-F6

Dear Mr. Jones:

We have conducted a second limited follow-up review on the St. Louis Agency on Training and Employment (SLATE) - Project #99-40 report issued June 30, 2000. This follow-up review was made under authorization contained in Article XV, Section 2 of the Charter, City of St. Louis, as revised, and conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. A limited follow-up review does not necessarily involve detailed testing or verification, but instead relies on communication with department management and staff, as well as limited observations. The purpose of this follow-up review is to determine the status of the observations made in the first follow-up report issued September 13, 2002 as of February 29, 2004.

We determined that the following observations have been **resolved** as follows:

1. Lack of Proper Accounting and Reconciliation (Observation #5) – SLATE has established in house general ledgers for WIA and WTW expenditures, and reconciles its ledgers monthly to the City's general ledger. Our review of the February 2004 reconciliations revealed that the contracts were properly reconciled. Although management reviews were not documented, management has agreed to do this in the future.
2. Opportunity to Improve the Efficiency and Effectiveness of the Reimbursement Process (Observation #6) – SLATE has established Monthly Expenditure Reports to track the status of WTW and WIA expenditures. This report accurately reflected invoices/vouchers processed and was summarized according to management's objectives.
3. Improper Segregation of Duties (Observation #10) – The Fiscal Manager has cross-trained the Accountants in the fiscal unit and the duties are rotated so that each is responsible for preparing drawdowns. Our review of the job descriptions revealed that the duties are adequately segregated. In addition, we learned that the Fiscal Manager is responsible for reviewing the drawdowns, reconciliations and the preparation of the Contract Progress Reports.

4. Timely Execution, Communication & Monitoring of Contracts (Observation #2) - SLATE has developed and implemented a contract tracking report to monitor contract executions, modifications, problems, and the timing of the set-up of cost centers.

We determined that the following observations have been **partially resolved** as follows:

1. Untimely Deposits and Insufficient Controls Over Receipts (Observation #4) – SLATE's procedures for processing receipts were as follows:
  - The Federal Grants Section (FGS) is notified the same day the State and the Treasurer were informed of drawdown requests. The purpose is to inform FGS of the cost centers to be coded on the Receipt Coding Forms (RCFs) and the general ledger.
  - Reimbursements received from the State are not recorded in a Receipts Register or the Incoming Funds Log. To track these receipts, the Acting Accounting Manager agreed to record the date reimbursements are received and RCF numbers in the drawdown log.
  - Receipts were not timely remitted to FGS for deposit to the Treasurer's Office in accordance with Article XV, Section 24 of the City Charter. SLATE's procedures require that all checks must be processed the same day as received and no later than two (2) days. We observed that one check was remitted to FGS three (3) days after the check was received.
2. Opportunity to Develop A Mission Statement and Improve Performance and Supervision of the Fiscal Unit (Observation #11) - SLATE has developed a draft fiscal procedures manual which includes job descriptions and performance standards for the staff in the fiscal unit. However, the procedures have not been approved and communicated/distributed to its personnel. Management agrees that written approval and communication/distribution of the manual to personnel should be documented to ensure procedures are followed in accordance with management's objectives.
3. Opportunity to Update and Modify Accounting Procedures (Observation #16) - SLATE has drafted a fiscal procedures manual which includes performance standards, and job descriptions for the fiscal unit. However, the procedures have not been approved and communicated/distributed to its personnel.

We determined that the following observations have **not been resolved** as follows:

1. Noncompliance with Monthly Drawdown Agreement (Observation #3) – As of February 2004, only four (4) drawdowns during the fiscal year were processed. SLATE should request reimbursements for expenditures at least monthly in accordance with the State's April 1996 agreement. In addition, we observed that drawdowns were not based on expenditures reported in the City general ledger as recommended by the State.

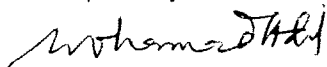
2. Lack of Proper Reporting of the Supplemental Job Payroll (SJP) Costs (Observation #7)  
SLATE has not accounted for and reconciled the current SJP costs to the City's general ledger. Our review of the general ledger revealed that \$164,899 remains in the holding account to be distributed as of February 2004.
3. Untimely Submission of State Contract Progress Reports (CPRs) (Observation #8) – The State requires that the Contract Progress Reports (CPRs) be completed and submitted by the 10<sup>th</sup> of the following month. However, we observed that the CPRs from July 2003 through February 2004 were not timely submitted as required by the State.
4. Improvements Needed Based on Results of Performance Survey (Observation 14)  
Management has re-examined the need for the performance survey of sub-recipients with grant funds and determined it unnecessary due to on-going communication with sub-recipients. **We will not follow up on this issue any further.**
5. Opportunity to Clarify the Responsibilities of the Federal Grants Section (Observation #15)  
SLATE previously considered drafting an interdepartmental agreement with the Federal Grants Section; however has not due to time constraints.

It was noted during our review of the Cash Account Listing that an additional amount of \$71,858.43 was recorded under center #1212763 in excess of the WTW under the Employment Connection contract. According to the Fiscal Manager, the additional amount was for TANF expenditures and therefore should have been corrected and posted to center #1213063.

We met with the Director of SLATE and the Fiscal Manager on June 30, 2004 to discuss our determination of the status of each observation and offered them an opportunity to provide written responses to this report. Management provided written responses to us on July 22, 2004 which have been attached to this letter (see attachment).

If you have any questions, please contact me at (314) 613-7410.

Respectfully,

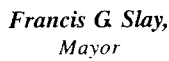


Mohammad Adil, CPA  
Internal Audit Supervisor

Cc: Rita Kirkland, Director of Operations – Mayor's Office  
Marie Jeffries, Executive Assistant – Budget Division

Honorable Darlene Green, Comptroller

Attachment



*Workforce Investment  
Board*



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- **We are still in the process of reconciling previous administration's records. Once this occurs drawdowns will occur on a monthly basis. Also, we will drawdown**

using the City's general ledger and not the Cash Account Listing as we had been previously directed to use.

**2. Lack of Proper Reporting of the Supplemental Job Payroll Costs**

- We are in the process of investigating the reason for this amount remaining in the holding account. We will make the appropriate entries to clear that account once this is determined.

**3. Untimely Submission of State Contract Progress Reports**

- In general, we are now receiving the general ledger in a timely manner and should not have any difficulty meeting the deadline imposed by the State. If for some reason there is a problem within the Comptroller's office where the general ledger is not received timely, then we will make a notation to that effect.

**4. Opportunity to Clarify the Responsibilities of the Federal Grants Section**

- We are in the process of scheduling a meeting with the new Federal Grants Section head John Zakibe. During that meeting we can workout the details of an interdepartmental agreement.

A journal entry will be made to correct the mistake noted on the Cash Account Listing under center #1212763 involving excess WTW funds.

Please let me know if you have any questions.

Sincerely,



**Tom Jones  
Executive Director**

**Cc: Kim Neske**